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SUBJECT: AUSTRALIA STIMULUS PACKAGES GREEN COMPONENT

REF: A. STATE 26022

[1](#)B. CANBERRA 268

[1](#)1. (SBU) Per instructions in reftel, Post is providing the following answers to questions regarding the two fiscal stimulus packages launched by the federal government in December (A\$10 billion) and February (A\$42 billion).

Q: Has the country passed a fiscal stimulus package that designates spending on any of the following, and if so how much? And/or is spending on any of the following being planned that will use stimulus money designated more broadly?

A: The second stimulus package (the Nation Building and Jobs for Australia) included A\$3.9 billion in new funding to provide subsidies for installation of ceiling insulation in homes and for installation of solar water heaters. The home insulation program (A\$2.7 billion) provides up to A\$1600 for Australian home owner-occupiers for insulation installations between July 2009 and December 31, 2011. A low-emissions plan for renters rebate (A\$613 million) will allow landlords with tenants to claim an A\$1000 rebate for insulation in rental properties. A solar hot-water heater rebate program (A\$507 million) will be increased to A\$1600 and the existing means test for rebates will be dropped. The rebate is available until June 30, 2012. Estimates of the effect of these two measures vary depending on how many home owners take advantage of the program, but the measures could result in CO2 emissions abatement of 4.7 million metric tons of CO2 equivalent per year starting in 2012. Total abatement is forecast to reach nearly 50 million metric tons by 2020.

It is worth noting that the government's stimulus package, and the A\$20 million Building Australia Fund announced last year, do not currently contain spending specifically for energy infrastructure or transmission networks. There will be some enhancements to transport energy efficiency from improved road and rail networks, but there is no explicit effort to develop green technologies or infrastructure in these spending measures.

Q: Is the spending on the above "new," or does it appear to be previously planned for and then added to a fiscal stimulus package?

A: The money for energy efficiency is new money, not accelerated funds from the 2008-2009 budget. The government already has in place rebates for reducing emissions for renters and solar hot water systems, so the A\$1.12 billion added in the stimulus package for those programs is in addition to existing program funding.

Q: How soon will the money get spent?

A: The stimulus programs run from mid-year 2009 to either the

end of 2011 (insulation) or mid-2012 (solar hot water heaters). Homeowners who install insulation before the program starts in July 2009 are eligible to claim reimbursement up to A\$1600 after the program commences.

Q: Has the country coupled policy reforms intended to spur new private investment in energy technologies with the spending components?

A: As stimulus spending is limited to demand management at the household level, this package does not have a technology component, and does not include any policy measures designed to improve technology development.

CLUNE